

## **AGENCY MEMBERS PRESENT**

Caldwell, Gene, M.D., Chair  
Atchley, Bryan, Vice Chair  
Coile, Kristin, designee for the Commissioner of Commerce and Insurance  
Collier, David, M.D., designee for the TennCare Director  
Handorf, Charles, M.D.  
Jones, Clark  
Koella, Carl, III,  
Lammert, Gregory  
Troy, Peggy  
Weaver, Faye, designee for the Comptroller of the Treasury

## **AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant II  
Brogden, Reid, General Counsel  
Christoffersen, Jim, Deputy General Counsel  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Office Manager  
Wells, Phil, Health Planner III

## **GUESTS PRESENT**

Baker, E. Graham, Esq., Weeks, Anderson, & Baker  
Berry, Liddi, Blount Memorial Hospital  
Bond, Lucille, OCG, Department of Health  
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry  
Brown, Dere, NHC  
Carruth, John M., Administrator, Milan General Hospital  
Corritore, Danell, Department of Health  
Cravens, Tom, Esq., Kramer, Rayson, Leake, Rodgers & Morgan  
Culbreth, Melissa Ann, MSSW, Director of Social Services, NHC of Cool Springs  
Culp, Joe, Department of Health  
Dawson, Joe, Administrator, Blount Memorial Hospital  
Delph, Benjamin, Bass, Berry & Sims  
Duncan, Bruce, NHC  
Edwards, Monica, AHY  
Elrod, Dan H., Esq., Miller & Martin  
Ermsand, Harold, Blount Memorial  
Firestone, Greg, Executive Director, West Tennessee Healthcare  
Foulke, Mark, Vice President, Sumner Regional Medical Center  
Hall, Richard, Blount Memorial Hospital  
Hines, Hertha, Director of Community Relations, NHC of Cool Springs  
Hollis, Ken, Technical Director, West Tennessee Healthcare  
Houchin, Barbara, St. Thomas Health System  
Kail, Bill, Administrator, Humboldt General Hospital  
Key, David, CEO, Select Specialty Hospital-Memphis, Inc.  
Kumatz, David, Sr., Vice President, Legal Services, Sumner Regional Medical Center  
Lake, Victoria S., Director, Market Research, Jackson-Madison General Hospital  
Leeman, Terry, Administrator, NHC of Cool Springs  
McKinley, Ruby, Bolivar General Hospital  
Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care  
Merville, LaDonna, Hospital Alliance of Tennessee  
Nelson, Jane, Blount Memorial Hospital  
Neubert, Brian, Accounts Manager, Maxim Healthcare Services  
Prescott, Tina, Administrator, Camden General Hospital  
Richardson, Mike, Covenant Health  
Ruby M. Kirby, Administrator, Bolivar General Hospital

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Russell, Richard, THCA  
Sassman, Greg, Vice President, Select Medical Corporation  
Scruggs, Sherry, Administrator, Gibson General Hospital  
Stephenson, Kate, Esq., Trauger & Tuke  
Swindell, Terry, Controller, West Tennessee Healthcare  
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC  
Trauger, Byron, Esq., Trauger & Tuke  
Utley, Karen, Vice President, West Tennessee Healthcare  
Vosel, Jeff, SeniorHealth  
Wellborn, John, Development Support Group  
Whitehorn, Jeff, CEO, Summit Health Systems

**Chairman Caldwell called the meeting to order at 8:30 a.m. in the Meeting Rooms D-G of the Gaylord Entertainment Center, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, introduced the new Agency member, Clark Jones, Governor's Consumer appointment. Mr. Jones, being appointed the afternoon before the meeting, abstained from voting on Agenda items (due to not having time to review applications). Ms. Hill announced that Mid-South ENT Surgery Center and Behavioral Healthcare Center at Clarksville have withdrawn, and the two Maxim Healthcare projects, Items A and D, request for a one month deferral is recommended.

*Ms. Coile and Mr. Atchley absent.*

### **CONSENT CALENDAR APPLICATION**

*Ms. Hill summarized the following Consent Calendar application:*

#### **Summit Outpatient Diagnostic Center - (Hermitage, Davidson County) - Project No. CN0510-092**

The establishment of an outpatient diagnostic center (ODC), acquisition of a magnetic resonance imaging unit (MRI) and initiation of MRI services. Project Cost \$7,475,742.00.

John Wellborn, representing the applicant, and Jeff Whitehorn, CEO, were present on behalf of the project.

Mr. Koella moved for approval of the project as described based on: 1) Need – The need has been established through the existing agency which is already in operation and well utilized; 2) Economic Feasibility – The project is economically feasible through the cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as it is a licensed facility and a TennCare provider. Dr. Handorf seconded the motion. The motion CARRIED [7-0-1]. **APPROVED**

AYE: Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

*Ms. Coile arrived.*

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **\*Maxim Healthcare Services - Knoxville - (Knoxville, Knox County) - Project No. CN0506-047**

Addition of the following counties: Blount, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Monroe, Sevier and Union to the existing home health care service area of: Loudon, Anderson, Campbell, Scott, Morgan and Roane. Project Cost \$135,000.00.

#### **\*Maxim Healthcare Services – Johnson City (Johnson City, Washington County) - Project No. CN0507-060**

The establishment of a home care organization to provide non-Medicare home health care services in Greene, Sullivan and Washington counties. The parent office will be located at 105 KLM Drive, Suite 6, Johnson City (Washington County), TN 37615. Project Cost \$135,000.00.

**\*Maxim Healthcare Services – Knoxville CN0507-047 and Maxim Healthcare Services – Johnson City CN0507-060:** Both having requested deferrals, one motion was made to defer both projects.

Byron Trauger, Esq., representing the projects, and Brian Neubert, Accounts Manager, were present on behalf of the projects.

Ms. Troy moved for deferral of both projects to the January 25, 2006 Agency meeting. Mr. Lammert seconded the motion. Ms. Hill stated that opposition of both projects were notified of the requested deferral. The motion CARRIED [8-0-1] by Voice Vote. **DEFERRED**

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

**Mid-South ENT Surgery Center - (Cordova, Shelby County) - Project No. CN0506-051**

The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to the patients of the practice for otorhinolaryngology procedures. The ASTC will have two (2) operating rooms and one (1) procedure room. Project Cost \$4,280,456.00.

**WITHDRAWN**

**NHC Place at Cool Springs - (Franklin, Williamson County) - Project No. CN0507-058**

The addition of twenty (20) new Medicare certified nursing home beds to the existing one hundred-sixty (160) Medicare certified beds for a total of one hundred-eighty (180) nursing home beds. The project involves the conversion of twenty (20) licensed private nursing home rooms to twenty (20) semi-private nursing home rooms. \*These beds are subject to the 2005-2006 125-bed nursing home pool. Project Cost \$154,800.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Bruce K. Duncan, Assistant Vice President of NHC; and Terry Leeman, Administrator spoke on behalf of the project. Present were Hertha Hines, Director of Community Relations; and Melissa Ann Culbreth, MSSW, Director of Social Services.

Dr. Handorf moved for approval of the project as described based on: 1) Need – The need is established by current high utilization of the facility and is backed by the Department of Health's need calculations; 2) Economic Feasibility – The project's financial feasibility was demonstrated; and 3) The project does contribute to the orderly development by need and license is in place. Ms. Coile seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

*Mr. Atchley arrived.*

**Presentation for the five (5) following projects for the initiation of mobile MRI owned by Jackson-Madison County General Hospital**

Ms. Hill announced that the applicant would present an overview of the five (5) projects and then each will be taken separately for questions by the members and then be voted on.

**Gibson General Hospital - (Trenton, Gibson County) - Project No. CN0508-067**

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Project Cost \$358,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Ken Hollis, Technical Director, West Tennessee Healthcare spoke on behalf of the project. Present were: Victoria S. Lake, Director, Market Research, West Tennessee Healthcare; Karen Utley, Vice President, West Tennessee Healthcare; Sherry Scruggs, Administrator, Gibson General Hospital; Greg Firestone, Executive Director, West Tennessee Healthcare; and Terry Swindell, Controller, West Tennessee Healthcare.

Mr. Koella moved for approval of the project as described based on: 1) Need – The need, since there is no current service within these counties, is addressed as well as the efficient method of sharing these machines between five (5) different hospitals; 2) Economic Feasibility – The project is economically feasible through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as licenses are in place and they are a TennCare provider. Ms. Troy seconded the motion. The motion CARRIED [9-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

**Humboldt General Hospital - (Humboldt, Gibson County) - Project No. CN0508-068**

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Project Cost \$358,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present were: Victoria S. Lake, Director, Market Research, West Tennessee Healthcare; Bill Kail, Administrator, Humboldt General Hospital; Karen Utley, Vice President, West Tennessee Healthcare; Ken Hollis, Technical Director, West Tennessee Healthcare; Greg Firestone, Executive Director, West Tennessee Healthcare; and Terry Swindell, Controller, West Tennessee Healthcare.

Mr. Lammert moved for approval of the project as described based on: 1) Need – There is a need in that county for these services; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of health care. Dr. Handorf seconded the motion. The motion CARRIED [9-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

**Bolivar General Hospital - (Bolivar, Hardeman County) - Project No. CN0508-069**

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Project Cost \$358,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present were: Victoria S. Lake, Director, Market Research, West Tennessee Healthcare; Ruby M. Kirby, Administrator, Bolivar General Hospital; Karen Utley, Vice President, West Tennessee Healthcare; Ken Hollis, Technical Director, West Tennessee Healthcare; Greg Firestone, Executive Director, West Tennessee Healthcare; and Terry Swindell, Controller, West Tennessee Healthcare.

Ms. Troy moved for approval of the project as described based on: 1) Need – The project does meet a need, it provides access to patients in those communities; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of health care. Ms. Coile seconded the motion. The motion CARRIED [9-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell

NAY: None

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ABSTAINED: Jones

**Milan General Hospital - (Milan, Gibson County) - Project No. CN0508-070**

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Project Cost \$358,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present were: Victoria S. Lake, Director, Market Research, West Tennessee Healthcare; John M. Carruth, Administrator, Milan General Hospital; Karen Utley, Vice President, West Tennessee Healthcare; Ken Hollis, Technical Director, West Tennessee Healthcare; Greg Firestone, Executive Director, West Tennessee Healthcare; and Terry Swindell, Controller, West Tennessee Healthcare.

Ms. Coile moved for approval of the project as described based on: 1) Need – The need has been proven; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development. They are a very good TennCare provider and they are sharing the services with other facilities. Dr. Handorf seconded the motion. The motion CARRIED [9-0-1].

**APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

*Mr. Handorf left briefly*

**Camden General Hospital, Inc. - (Camden, Benton County) - Project No. CN0508-071**

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Project Cost \$358,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present were: Victoria S. Lake, Director, Market Research, West Tennessee Healthcare; Tina Prescott, Administrator, Camden General Hospital; Karen Utley, Vice President, West Tennessee Healthcare; Ken Hollis, Technical Director, West Tennessee Healthcare; Greg Firestone, Executive Director, West Tennessee Healthcare; and Terry Swindell, Controller, West Tennessee Healthcare.

Ms. Troy moved for approval of the project as described based on: 1) Need – There is a demonstrated need. It does provide access for patients; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of health care. Ms. Coile seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

**Behavioral Healthcare Center at Clarksville - (Clarksville, Montgomery County) - Project No. CN0508-074**

The establishment of a thirty-eight (38) bed mental health hospital, and the initiation of psychiatric services. The intended uses of the beds are: 12 general adult psychiatric, and 26 geriatric psychiatric. The facility will be located in the building currently occupied by Clarksville Manor Nursing Home which is the subject of a separate application for relocation and replacement. The facility will be licensed as a mental health hospital by the Tennessee Department of Mental Health and Development Disabilities. Project Cost \$4,368,245.00.

**WITHDRAWN**

**Blount Memorial Hospital, Inc. - (Maryville, Blount County) - Project No. CN0509-080**

The addition of sixteen (16) skilled nursing home beds to Blount Memorial Transitional Care Center's existing sixty (60) bed certified nursing home beds. \* These beds are subject to the 125 Nursing Home Bed pool for 2005-2006. Project Cost \$86,204.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Joseph Dawson, CEO, and Jane Hennessy Nelson, Assistant Administrator, spoke on behalf of the project.

Mr. Koella moved for approval of the project as described based on: 1) Need – The need is spelled out, especially with a competitor sending a letter supporting the project. Blount County is a high growth area and statistically there is a forty-one (41) bed shortage within the county; 2) Economic Feasibility – The project is economically feasible through cash reserves of the owner; and 3) The project does contribute to the orderly development of adequate and effective health care as licenses are in place and they are a huge TennCare contributor. Mr. Atchley seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

#### **Sumner Regional Medical Center - (Gallatin, Sumner County) - Project No. CN0509-084**

The relocation of previously approved, but unimplemented CN0110-084A, a hospital satellite outpatient diagnostic facility operating under the license of Sumner Regional Medical Center. This facility was to be located on Highway 31 East, Gallatin (Sumner County), TN, but will relocate to a 24-acre tract on Big Station Camp Creek Road, Gallatin (Sumner County). This facility will offer magnetic resonance imaging unit (MRI), computerized tomography (CT), ultrasound mammography, and radiology services. Project Cost \$10,251,339.00.

Mark Foulke, Vice President, addressed the Agency. David Kumatz, Sr. Vice President, Legal Services and John Wellborn, Consultant, were present.

Ms. Coile moved for approval of the project as described based on: 1) Need – The need is already demonstrated from the original Certificate of Need and there are no new services being added as this is a relocation only; 2) Economic Feasibility – The project is economically feasible through a commercial loan; and 3) The project does contribute to orderly development as they will provide a more convenient location access for their patients and they are a strong TennCare provider in the community. Ms. Troy seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Atchley, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

*Ms. Troy and Dr. Handorf recused*

#### **Select Specialty Hospital-Memphis, Inc. - (Memphis, Shelby County) - Project No. CN0509-085**

The relocation of an existing thirty-nine (39) bed long term hospital from 5959 Park Avenue, 12th Floor, Memphis, (Shelby County) to Building I of Lakepoint Plaza Professional Center, at the northeast corner of Germantown Parkway and Wolf River Blvd. (no street address available), Germantown, (Shelby County). There will be no increase in beds. After relocating the hospital will provide the same services and no services will be added or discontinued. Project Cost \$16,913,382.68.

E. Graham Baker, Esq., representing the applicant, addressed the Agency. David Key, CEO, and Greg Sassman, Vice President, Select Medical Corporation spoke on behalf of the project.

Dan H. Elrod, Esq., representing Baptist Memorial Hospital, opposed.

Mr. Atchley moved for approval of the project as described with the following condition: **CONDITION: 1) Services limited to long-term care hospital patients as defined by current or subsequent CMS**

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**regulations; and 2) Bed additions under the “less than 100 bed” statute will not exceed the number that can be accommodated in the 48,000 gross square foot facility described in the application.** And based on the following: 1) Need – The project is obviously needed, it is in existence now; 2) Economic Feasibility – The project is economically feasible from cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [7-0-1]. **APPROVED**

AYE: Coile, Lammert, Koella, Atchley, Weaver, Collier, Caldwell

NAY: None

ABSTAINED: Jones

### **OTHER BUSINESS**

- 1) Discussion of correspondence with John Morgan, Comptroller, regarding audit charges and the requirement of an audit committee. Ms. Hill suggested that this information be discussed in January.
- 2) Discussion of limitations regarding private duty home health agencies. Ms. Hill and Mr. Brogden will meet with home health industry representatives to discuss private duty nursing and will report back at the January meeting.

### **CURRENT REPORTS**

#### **Statistical Reports**

The reports were accepted into the record.

#### **Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

#### **Minutes**

The minutes of the November 16, 2005, meeting were accepted by unanimous voice vote.

### **ADJOURNMENT**

There being no further business, the meeting adjourned.

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Melanie M. Hill, Executive Director

MMH/mab